

Press Conference
EU Trade Commissioner Pascal Lamy and USTR Robert B. Zoellick
at the Office of the United States Trade Representative
Washington, DC
June 25, 2003

Ambassador Zoellick: Sorry to keep you waiting. We had a good session. First off, we just came back from being together at Sharm El Shiek and being in Jordan and spending a lot of time on the same flights from Jordan to New York to Washington. So, we've have had plenty of opportunity to talk.

Today, we spent time on Doha issues and a series of bilateral issues and the key point I would stress on the Doha issues is the sense of cooperation by the United States and the EU to try and get the Doha agenda done on time and the importance of preparing for the Cancun meeting.

Now of course, we have differences on various issues; but it was, as many of our discussions are, an extremely workman-like session where we both picked up on what happened at Sharm El Shiek and we are trying to figure out where we can work together to move the process forward. And where there are still difficulties, once those obstacles are overcome, how we can push this forward.

So more specifically, as many of you know, we came up with some ideas in advance of the OECD meeting in Paris to try and move forward the goods negotiations, which was important to us and the global system. Many of those ideas were incorporated by Chairman Girard in his text, we want to keep pushing the level of ambition in those negotiations through a formula, as well as in the sectoral discussions, as well as in the ideas we have had on low tariff elimination. So we were comparing notes on ways to do them.

Second, we're both interested in moving forward the service institutions, and that's in a different stage in the process, but we talked about some ideas about how there could be a good statement at Cancun in that area and how we can work together.

Third, we talked and compared notes about the Singapore issues. Where coming out of Sharm El Shiek I think there is going to be some work to try to draft possible modalities language. We know there are countries that resisted, but we are trying to figure how we can move those together, move that forward.

And then, obviously, we talked about agriculture. And as I said in the meeting that we attended with President Bush and the Presidency Country and the President of the Commission, we have appreciated the effort that the Commission has made to try to move forward CAP reform, which we know is being moved forward for Europe's own reasons because of enlargement and because of environment and rural issues.

But it has a very important side benefit in terms of giving the Commission more negotiating room, which we believe will be critically necessary to go forward. Member states are debating that right now. We hope that they will give the Commission a broad-based reform to move forward.

And, in the spirit in which we have, we talked about ways in which, if they do, we can better understand one another's position including areas where the European Union is interested in making sure the United States will move forward appropriately to try to make sure we get significant reform in the global trading system.

And what appears to me again from the Sharm El Shiek meeting, as well as this one, is that the United States and the EU working together remain the countries that are committed—or more committed than any others in terms of trying to make it work. And that's actually a good sign for the global system. We may or may not succeed, but there is no doubt that we are trying to use our creativity to accomplish something.

On the bilateral agenda, we covered a whole range of issues from foreign sales corporation issues to the 1916 act to some of the steel questions to chemical policy to bilateral investment treaties with Central and Eastern European countries; wine, beef,... and I am sure that there are others that I have missed. But we ran through the state of affairs.

So again, I want to thank Commissioner Lamy and his team. Frankly, we worked well together at the meeting in Jordan, which I thought was a very important session. Again, I know that both of us are committed to trying to do what we can in the coming weeks to set up the Montreal meeting and a successful Cancun session. No one would underestimate the challenges we face. We've got some very significant work ahead of us, but we are committed to do our best to resolve the problems.

Commissioner Lamy: I don't have a lot to add to what Bob just said. My sense is also that on the co-sponsorship of the round, we are doing a lot.

We know that we are not yet there, but we know that it won't happen if don't work a lot together. Although we know that once we work well together there still will remain a few things to be done. And, I won't repeat what he said; we know where we have to converge for Cancun to fly.

On bilateral issues, he's mentioned the risk, which is an abundant one, and where, globally speaking, I think things are going in the right direction—including sort of difficult compliance issues, which we are pressing on; which we are, with the help of the US administration and a number of people in Congress, moving in the right direction.

Here again, we are not there yet on a number of these issues, but the efforts we are doing is (unintelligible). All this list taking on what you said on agriculture where we have a council going on now for a few hours—maybe a few days—hoping it is going to be the last one.

There is just one issue which, for the safety and transparency of the discussions, we have to, I think, both mention it's not being fixed and maybe not taking exactly the right direction. GMOs is where we have a difference. And we haven't yet found the right balance to live with this difference. It is something which we are eager to de-passionalize—and which we would like the US side to sort of spin the way it can be de-passionalized, rationalized, and not the other way around. For the sake of clarity and not to throw a stone to anybody, we discussed this this morning briefly with the President of the United States. It's an issue where, to use a formula which we have been using a number of times, I would prefer telephone to megaphone, and I'm not throwing stones at anybody on all this.

Ambassador Zoellick: And the reason it probably wasn't foremost in my mind was that there was a meeting that was supposed to cover security and political topics, so I wasn't attending, but the President and Pascal got into it so it's no longer my topic anymore. They're the ones that are now dealing with the politics issue.

Spokesman: Please identify yourself and your organization.

Jim Berger, Washington Trade Daily: You didn't mention TRIPS public health. Did you discuss it and will the US be in any position to make an announcement soon?

Ambassador Zoellick: We discussed it at length at Sharm El Shiek and I really have nothing to add from what I said there. But, since you probably weren't there, the essence of it is this: I've been having a lot of conversations with pharmaceutical companies not just from the United States but from Europe and elsewhere. I am struck by the interests of all of them and I think some 22 that are working together now to try and resolve this problem before the Cancun meeting.

Secondly, as they and I have said, it's not really an issue now dealing with African countries, and it's certainly not an issue dealing with HIV, AIDS, Tuberculosis, or Malaria. Their key focus now is on the fact that the change being discussed would change the TRIPS regime to allow a new export provision. They want to be sure that the export provision is not used by some developing countries without the pharmaceutical industries to expand production globally without respect for patents. They're also concerned about the anti-diversion rules.

I think those are both important concerns and I urged my colleagues—when the companies came and presented some of those ideas to members of the TRIPS Council and others—to take them seriously and see if we can try and find solutions for those.

This has been a difficult problem, so I don't mean to suggest that it's on its way to imminent solution, but I think it is a positive step forward. I am going to keep working with the companies and other countries to move it forward, and I think the sense from other countries in the room was of that nature.

I would simply add, as the President has, that this is really more an issue of symbolism at this point; its not stopping anyone from getting drugs and one should not ignore the \$15 billion the United States is putting up to deal with the problem.

Greg Rutherford, of the Rutherford Report: Mr. Lamy, forgive me if there is a sense of deja vu, but every time you come here, you're optimistic: there is a sense of direction, and yet nothing happens. How do you respond to the concerns among the Hill and the business community and the Administration that we have other games to play than Doha and we ought to just start carving up the world with preferential deals like the Europeans have done?

Commissioner Lamy: Those who say that nothing happens should have a look at the record. I mean, a number of things do happen. It sometimes takes a long time, but things do happen.

The fact that we haven't yet finished the Doha Round shouldn't be a surprise for anybody. I mean, we've scheduled the end of this negotiation for the end of next year, and we all know it's not the sort of negotiation where progress is like a sort of like a nicely flowing river. You know: when you have 10 percent of the negotiation done, 10 percent of the calendar, and then 20—it doesn't work this way. Anybody who believes it works this way doesn't know how trade negotiation works.

So, there is a lot of investment and anybody who would compare where we were 18 months after the launch of the previous round, the Uruguay Round, and where we are now, would see the same difference as between night and day.

Lots of things have happened. Take the examples of medicines. Well, yes: we need the US to join the consensus which we released in Geneva, but that's the only missing piece of the puzzle, which has a hundred bits. We need two bits, which are this one.

Well, it's not bad. Yet, we don't yet have an agreement.

Now, in terms of the bilateral agreements and whether or not there's a substitution from the multilateral to the bilateral. I mean, we Europeans have a network of bilateral agreements. I haven't launched any new bilateral negotiations since I took my position. I've been finishing previously launched bilateral trade negotiations.

I haven't launched myself a single one because our priority is with the multilateral trade round and we have a priority, which is this one, and I have always said that I wouldn't launch any new bilateral trade negotiations before the round was finished.

And this is one of the reasons why scheduling this for the end of 2004 is crucial for a number of us. So no contradiction between moving the multilateral trade system forward and dealing WTO plots where we need to do it and notably in the proximity of the European Union.

Ambassador Zoellick: I also don't want to let [the reporter's] presumption stand because I don't think it represents Washington policy here and with the Congress.

Let's keep this in mind: If it wasn't for the United States, as well as the EU, the Doha negotiation wouldn't have been launched. I don't think there's been any country that has been as committed to moving that forward.

Second, the United States put forward extremely bold proposals in agriculture and goods to try to demonstrate what could be done in terms of trying to show that, and it's one of the few countries that did, that said that we would take various cuts and eliminate tariffs including in sensitive areas.

We're one of 146 countries. But as Pascal or others can tell you, I don't think there was any country—and I think this is true for the EU—at the mini-ministerial meeting that was as committed to trying to get this done, because we think this is important for the global system. That's why I have emphasized time and again: It's a once in a generation opportunity; we have to be bold, we have to open markets.

But for some people who argue that it's totally in US hands, they ought to wake up and recognize there's 146 countries and, frankly, a lot of them are less committed than the two of us are and some of them are gonna have to move. Because this will not be a successful round if it simply ends up putting in place a set of rules or cutting bound tariffs that don't cut applied tariffs. We've got to do this in a way opens markets.

Ted Alden, Financial Times: Commissioner Lamy has pointed out the President has twice now accused Europeans (unintelligible) starvation in Africa with the policy of the GMO. Are you willing to tone down the rhetoric in the interest of resolving the deal or is this crucial to your strategy of persuading the rest of the world that the US position on this is right and the European Union is wrong?

Ambassador Zoellick: As we said when we launched this negotiation, or we launched this case, the United States has been patient for a long time. There's been some four years we've been waiting and I cited at the time some rather impatient statements by some members of the Commission, including Commissioner Walstrom that said she didn't know when it's going to be resolved.

I know that there's a preoccupation in Europe, understandable, about how the case affects European discussions. We have to also think globally and, as I have explained to Pascal, some of the things that Europe was doing were being used by others around the world to stymie something that we think is very important in terms of development, in terms of environment, reducing pesticides.

There's an article, I believe, in your paper today talking about a new report emphasizing the benefits of this. And so we believe that it is important to engage in the public debate.

Now there are things that we obviously disagree on. We respect one another's views. There are a number of Africans that have told me, said publically, they are afraid of developing biotechnology products because they can't sell it to Europe.

So the Namibians can not sell their corn to South Africa for beef, or excuse me, the reverse, the South African corn to Namibian's beef, because they worried about being able to sell it.

Uganda—we just had President (Yoweri) Museveni here recently talking about trying to develop bananas that would be able to deal with a particular disease. So that's a real problem, and frankly, I respect the efforts of Pascal and the Commission to try and move this forward. But we perhaps have a slightly different view of this. If the European public recognizes some of the issues of this for the rest of the world, maybe it will move their thinking. So we plan to engage in the debate.

Commissioner Lamy: A word on that, where we obviously disagree, including on the spin which is given on this side of the Atlantic.

We are very moved by the US interest for starvation in Africa and for the future of their agricultural system and for the benefits of miracle biotechs—which, no doubt, will come one day—and we all are thinking about that.

We just say that, seen from the European side, the fact that this is pushed by the US agro-business—which has lots of surpluses to get rid of under the form of food aid—is not helping those in Europe who want to (unintelligible) this debate about GMOs. And, I've been making this clear and I can not not make this clear.

It's one thing disagreeing about whether the US authorization process or the EU authorization process is good or better or whatever. It's another thing to use starvation in Africa for this.

I'm sorry to say we don't accept this argument and Bob knows this is the case.

Ambassador Zoellick: We can take one more.

David Hansen: I'm David Hansen from Commerce Clearing House. To Mr. Lamy: Have you met with Representative William Thomas yet on the Foreign Sales Corporation issue and, if so, what have you discussed? What would be unacceptable in a solution to the dispute?

Commissioner Lamy: Maybe we could spin it in a way to make it an acceptable solution to the dispute. Look, I haven't finished my (unintelligible), as we say in French. I'm to meet Chairman Grassley, Chairman Thomas, I'm going to meet with Max Baucus, Charlie Rangel, I'm going meet with (Philip) Crane, I'm going to meet with Levin ... so there are two or three teams playing on this FSC game for the moment.

I'm in contact with them, I'm not negotiating with or picking sides on which ever the draft is on the floor or will be on the floor. I have a position by the US Administration and by the President, who, by the way, repeated this morning that he was committed to compliance on this issue.

I have a bunch of teams who are working on compliance for the FSC thing. Fine with that, because this is what I want to do.

They have varying solutions, but I can make clear to each and every one of them—and I've been doing that—that A, we want compliance, so no way is there not going to be WTO compliance this time. Second, we have a joint time horizon, which is the end of this fiscal year. Third, in terms of deadlines or transitions or whatever, we've already provided three years free, from 2000 to now, which means that the margin of maneuver for further transition is extremely limited.

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